

Rural and Regional Adjustment Amendment Regulation (No. 1) 2020

Explanatory Notes for SL 2020 No. 120

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

Rural and Regional Adjustment Amendment Regulation (No. 1) 2020

Authorising law

Sections 3, 10, 11 and 44 of the *Rural and Regional Adjustment Act 1994* (the Act)

Policy objectives and the reasons for them

Small businesses are vital to Queensland's economy through their contribution to the prosperity of the regions and job creation which, in turn, fosters more sustainable communities. They represent around 97 per cent of all businesses and employ over 970,000 people, or 45 per cent of the private sector workforce in Queensland.

Due to the range and extent of restrictions necessarily imposed by the Queensland and Australian Governments to contain the spread of COVID-19, businesses, including small businesses, have been severely disrupted or been subject to closures. The pandemic has affected the ongoing viability of Queensland small businesses, including their income, activity and supply chains.

In response, the Queensland Government announced a *Worker Assistance Package* (the Package) that aims to assist employees and businesses who have lost their jobs or income as a result of the impacts of the COVID-19 pandemic.

A key part of the Package is the Small Business COVID-19 Adaption Grant Program (the Program), which will assist eligible small businesses in Queensland with grants that will enable these businesses to sustain, adapt or develop the resilience of, their operations.

This regulation relates to Round 2 of the Program. The Department of Employment, Small Business and Training (DESBT) continues to administer Round 1 of the grants.

The policy objective of the subordinate legislation is to implement Round 2 of the Program as an approved assistance scheme in legislation, enabling the Queensland Rural and Industry Development Authority (QRIDA) to administer the COVID-19 Small Business Adaption Grant Scheme - Round 2 (the Scheme).

Achievement of policy objectives

The subordinate legislation will achieve its objectives by establishing the Scheme in the *Rural and Regional Adjustment Regulation 2011* as an approved assistance scheme. Establishing the Scheme will enable QRIDA to provide grants to eligible small businesses. Under the Act, QRIDA can only provide financial assistance under an approved assistance scheme prescribed by regulation.

To be eligible for assistance under the Scheme, the business must satisfy QRIDA of a range of criteria, including that:

- the business holds, and has since 23 March 2020 held, the same Australian Business number for the business;
- the business is, and has since 23 March 2020 been, registered for GST;
- the business has its headquarters in Queensland;
- the business has at least one, but not more than 19, employees (other than the business owner(s));
- the total of the taxable wages and superannuation paid by the business to its employees during the 2018-2019 financial year or 2019-2020 financial year was less than \$1.3 million;
- neither an owner, nor a director, of the business is insolvent under administration; and
- the annual turnover of the business during the 2018–2019 financial year or 2019–2020 financial year was more than \$75,000, or if the business has been operating for less than a year, that according to the financial records for the business, its turnover would have been more than \$75,000 had it been operating for a full financial year.

Lastly, the applicant must demonstrate to the satisfaction of QRIDA that the eligible business stopped operating for a period, or was otherwise seriously disrupted, because of a specified chief health officer public health direction made in relation to the COVID-19 pandemic since 23 March 2020. Additionally, the applicant must demonstrate the revenue of the eligible business has, for a period of at least one month starting on or after 23 March 2020, reduced by at least 30 per cent because of the COVID-19 emergency.

The grants available under the Scheme will be a minimum of \$2,000 to a maximum of \$10,000 per eligible business. The grants will fund eligible activities undertaken by small businesses that are aimed at assisting these businesses sustain, adapt or develop the resilience of, their operations.

The eligible activities permitted to be funded by the grants include financial, legal or other professional advice to support business sustainability and diversification, or with meeting business costs, including utilities and rent, among other eligible activities.

The Scheme provides that eligible activities under approved grants may be used for activities occurring from 23 March 2020 onwards, and are subject to a number of conditions, such as random audits by the Queensland Government.

Consistency with policy objectives of authorising law

The subordinate legislation is consistent with the policy objectives of the Act. The Act establishes QRIDA primarily to administer assistance schemes which foster the development of a more productive and sustainable rural and regional sector in Queensland. QRIDA may also support the State's economy by administering approved assistance schemes to assist primary producers, small businesses and other sectors during periods of temporary difficulty, or to otherwise benefit the Queensland economy.

Inconsistency with policy objectives of other legislation

This subordinate legislation is not inconsistent with the policy objectives of any other legislation.

Benefits and costs of implementation

QRIDA has extensive experience in administering grant, loan and rebate and payment schemes for government and is well placed to administer the Scheme.

The Queensland Government has made available a total of up to \$100 million to fund this Scheme, with half the funding specifically allocated for small businesses located outside of South-East Queensland, i.e. in regional Queensland. The total cost to the Queensland Government will depend on the level of uptake.

The scheme will assist eligible small businesses affected by COVID-19 to sustain, adapt or develop the resilience of their operations.

Consistency with fundamental legislative principles

The subordinate legislation is consistent with fundamental legislative principles.

Consultation

The Office of Best Practice Regulation in the Queensland Productivity Commission advised that it considered the proposal does not add to the burden of regulation and is unlikely to result in significant adverse impacts; and that no further regulatory impact analysis was required under the *Queensland Government Guide to Better Regulation*.